

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 DOTE-00 FMC-01

INR-07 NSAE-00 SAL-01 CG-00 DLOS-06 OES-06 PA-01

PRS-01 USIA-06 /049 W

----- 044373

R 061521Z AUG 76

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 8312

INFO AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY OSLO

AMEMBASSY MOSCOW

USDOC WASHDC

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E.O. 11652: N/A

TAGS: EWWT, SW, UR

SUBJECT: SWEDISH SHIPPING COMPANIES COMPLAIN OF NEW SWEDISH-
USSR SHIPPING AGENCY

REF: STOCKHOLM 3622

1. BEGIN UNCLASSIFIED. DAGENS INDUSTRI, A STOCKHOLM NEWSPAPER
DEVOTED TO BUSINESS DEVELOPMENT, ON AUGUST 5, 1976, REPORTED THAT
SWEDISH SHIPOWNERS WANT TO ESTABLISH CONTROL OVER SOVIET-DIR-
ECTED TRANSPORTATION FIRMS IN SWEDEN AS COUNTERMEASURE TO
FORMATION IN JUNE 1976 OF SCANSOV TRANSPORT AB (REFTEL),
UNLESS SOME OTHER MEANS OF CONTROLLING SOVIET "FREIGHT-DUMPING"
POLICY CAN BE FOUND. THIS QUESTION IS SO SENSITIVE, THE
ARTICLE SAYS, THAT A 'LEADING REPRESENTATIVE OF SWEDISH
SHIPPING' DID NOT WANT HIS NAME TO APPEAR. THE REPRESENTATIVE
IS QUOTED AS FOLLOWS:

QUOTE WE VERY MUCH DISLIKE FALLENIUS'S SOVIET INVOLVEMENT
(FALLENIUS IS ONE OF SWEDISH COMPANIES IN SCANSOV).

WE HAVE FREE COMPETITION AS A GUIDING PRINCIPLE, BUT WE
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CAN'T APPLY IT WHEN THE RUSSIANS COME INTO THE PICTURE.

SINCE SWEDISH SHIPOWNERS ARE EXCLUDED FROM CERTAIN AREAS BECAUSE OF SOVIET PRICE COMPETITION, WE MUST CONSIDER WHETHER OR NOT THE RUSSIANS COULD BE EXCLUDED IN A SIMILAR FASHION BY THE ESTABLISHMENT OF SOME CONTROLS. IT IS TREMENDOUSLY DIFFICULT FOR INDIVIDUAL COMPANIES TO COMPETE IN THEIR PRICES WITH A COUNTRY. SWEDEN ALSO HAPPENS TO BE TOO SMALL FOR ISOLATED MEASURES TO HAVE MUCH EFFORT. WE MUST HAVE COLLABORATION BETWEEN COUNTRIES. UNQUOTE.

2. THE ARTICLE ALSO QUOTES MR. ROLF WALLGREN, MANAGING DIRECTOR OF ATLANTIC CONTAINER LINE AB AS FOLLOWS: "OF COURSE, THE RUSSIANS CAN SET WHATEVER RATES THEY WANT. BUT IF THEY DROP THEM TOO MUCH, WE CANNOT RETALIATE." WALLGREN SAID SWEDISH SHIPPING 'ABSOLUTELY DOES NOT TAKE A POSITIVE VIEW' OF FALLENIOUS'S COLLABORATION WITH THE RUSSIANS AND THAT SWEDISH SHIPPING COMPANIES WERE VERY CONCERNED ABOUT DEVELOPMENTS. 'SOMETIMES YOU JUST DON'T KNOW WHETHER TO LAUGH OR CRY. THERE ARE EXTREME EXAMPLES OF FREIGHTS THAT ARE 45 PERCENT BELOW LINER CONFERENCE RATES. NORMALLY, THEY ARE 10 PERCENT BELOW THE CONFERENCE RATES ON WESTBOUND SHIPS," WALLGREN SAID.

3. SVENSKA DAGBLADET OF AUGUST 6 QUOTES OTHER REPRESENTATIVES OF THE SWEDISH COMPANIES (MR. CLARENCE DYBECK, DIRECTOR OF THE SALEM SHIPLINES AND MR. TORKEL CARLSSON, MANAGING DIRECTOR OF AB TRANSATLANTIC OF GOTEBOG), WHO ARGUE ALONG THE SAME LINES AS THE ANONYMOUS SOURCE QUOTE IN DAGENS INDUSTRI.

4. SVENSKA DAGBLADET ALSO QUOTES FALLENIOUS'S MANAGING DIRECTOR RUNE SVENSSON: "IT IS ONLY NATURAL THAT THERE SHOULD BE A REACTION TO OUR COLLABORATION WITH THE SOVIET UNION, BUT I THINK THE CRITICISM IS PITCHED AT TOO HIGH A LEVEL." SVENSSON SAID THAT THE SOVIET SHIPPING COMPANIES DO APPLY RATES THAT ARE BELOW THOSE SET BY THE LINER CONFERENCES, BUT THAT THE RATES ARE THE SAME AS THOSE APPLIED BY SWEDISH COMPANIES WHICH DO NOT PARTICIPATE IN THE CONFERENCES.

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5. DAGENS INDUSTRI QUOTES BERTIL VOSS, A SENIOR OFFICIAL OF THE COMMUNICATIONS MINISTRY: "I UNDERSTAND THE FEAR OF THE SWEDISH SHIPOWNERS DUE TO THE EXPANSION OF SWEDISH SHIPPING. BUT AT THE SAME TIME, FALLENIOUS'S COLLABORATION WITH SOVINFLOT IS NOT ENTIRELY NEGATIVE SINCE OUR IMPORTERS AND EXPORTERS WANT LOW FREIGHT RATES AND GOOD SHIPPING OPPORTUNITIES. IT IS OBVIOUSLY

A MATTER OF CONCERN THAT THE RUSSIANS HAVE ESTABLISHED THEMSELVES HERE IN VIEW OF THE DEVELOPMENTS WHICH HAVE TAKEN PLACE IN OTHER COUNTRIES TOWARD UNDERCUTTING PRICES, BUT WE CAN'T PUT A STOP TO IT." BUT VOSS DOES NOT EXCLUDE THE POSSIBILITY OF REACHING A PRICE AGREEMENT WITH THE RUSSIANS: "THEY ARE FULLY AWARE OF THE PROBLEM AND ARE PREPARED TO DISCUSS IT IN PEACE AND QUIET. WE MUST APPROACH THE QUESTION WITHOUT EMOTION AND TRY TO FIND A LEAST COMMON DENOMINATOR. YOU CAN'T DO THIS IF YOU ARE WAGING SOME SORT OF COLD WAR WITH EACH OTHER." VOSS SAID THAT BOTH SIDES MUST LEARN TO LIVE WITH THE FACT THAT THEY HAVE DIFFERENT ECONOMIC SYSTEMS. "THE SOVIET SYSTEM ENABLES THEM TO SET LOWER RATES. I THINK IT IS WRONG TO TALK ABOUT 'DUMPING' SINCE THIS PRESUPPOSES THAT BOTH SIDES HAVE ROUGHLY THE SAME COST SITUATION, WHICH THEY DON'T.". VOSS TOLD THE PAPER THAT THE RUSSIANS FEEL TODAY THAT THE WEST IS KEEPING A CLOSE WATCH ON THEM, SO TO SPEAK, AND THAT THEY NOW APPEAR TO BE TAKING THINGS EASIER. BUT THEY FIND IT DIFFICULT TO UNDERSTAND WHY THEY SHOULD NOT BE ALLOWED TO USE THE PRICE TOOL IN SHIPPING, WHICH IS AFTER ALL WHAT THE CAPITALIST COUNTRIES IN THE WEST DO. "TO BE QUITE HONEST, I DON'T THINK THE RUSSIANS ARE INTERESTED IN RUINING WESTERN SHIPPING. THEY JUST CAN'T MAKE ENEMIES OF THE WHOLE WORLD," VOSS SAID. HE CONTINUED: "THE RUSSIANS HAVE DECLARED THAT THEY CONSIDER THEIR SHARE OF OUR BILATERAL TRADE (80 PERCENT) TO BE RIDICULOUSLY HIGH AND THEY ARE PREPARED TO CHANGE THIS IMBALANCE. THIS CANNOT BE DONE OVERNIGHT. HOWEVER, WE HAVE GOT A FOOT IN THE DOOR.

6. VOSS REJECTED THE IDEA OF REACHING A 50-50 ARRANGEMENT WITH THE RUSSIANS. HE STATED: THE SOVIET UNION DOES INDEED LIMITED OFFICIAL USE

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HAVE SUCH AGREEMENTS WITH SEVERAL OTHER COUNTRIES, BUT IF WE WERE TO FOLLOW SUIT, WITH A MERCHANT FLEET WHICH OPERATES IN THIRD-COUNTRY TRAFFIC TO AN 80 PERCENT EXTENT, WE WOULD NEVER BE ABLE TO TALK ABOUT THE FREEDOM OF THE SEAS ANYMORE." END UNCLASSIFIED.

7. BEGIN LOU. COMMENT. THERE APPEARED NO IMMEDIATE REASON FOR THIS SUBJECT TO SURFACE AT THIS PARTICULAR MOMENT, BUT THE COMPANIES, THE SWEDISH PARTNER IN SCANSOV, AND THE MINISTRY OFFICIAL MUST HAVE IN MIND PROJECTED TALKS WITH THE SOVIETS THIS FALL ON SHIPPING QUESTIONS.
SMITH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MARINE TRANSPORTATION, PRESS COMMENTS, JOINT VENTURES, PORT FACILITIES
Control Number: n/a
Copy: SINGLE
Draft Date: 06 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STOCKH04226
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760305-0007
From: STOCKHOLM
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760878/aaaacqql.tel
Line Count: 167
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STOCKHOLM 3622
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 14 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 APR 2004 by ElyME>; APPROVED <25 AUG 2004 by izenbei0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SWEDISH SHIPPING COMPANIES COMPLAIN OF NEW SWEDISH- USSR SHIPPING AGENCY
TAGS: EWWT, EEW, SW, UR, SOVINFL, FALLEN, LEFFLERS AV, SCANSOV TRANSPORT AB, (WALLGREN, ROLF)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006